

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 5101 PCB EDAS 14-02 Education Funding

SPONSOR(S): Education Appropriations Subcommittee, Fresen

TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Education Appropriations Subcommittee	11 Y, 0 N	Heflin	Heflin
1) Appropriations Committee	24 Y, 1 N	Heflin	Leznoff

SUMMARY ANALYSIS

The bill conforms statute to the funding decisions in the 2014-2015 GAA (GAA) and addresses issues relating to the education system. Specifically, the bill:

- Establishes the Florida Information Resource Network (FIRN) as the educational data transport service which school districts must use in their preparation for and implementation and administration of the statewide, standardized assessments established pursuant to s. 1008.22.
- Revises the date that a lab school must be in operation to be eligible to receive a proportional share of the sparsity supplement.
- Clarifies that McKay Scholarship payments shall not be reduced due to the 1.0 FTE cap.
- Revises the compliance calculation for public schools that fail to comply with the class size requirements.
- Repeals the undergraduate limitation on New College of Florida and establishes a Master's Degree in Data Science and Analytics.
- Provides the Department of Education authority to assess and collect fees from publishers participating in the instructional materials review and approval process and provide a stipend to be paid to instructional materials reviewers.
- Prohibits dually enrolled students from enrolling in more than 24 college credit hours before completing the college credit general education core coursework.
- Clarifies that eligible students in public schools, private schools, or home education programs are exempt from the payment of registration, tuition, and laboratory fees.
- Revises payment provisions required of school districts for dual enrollment provided by public postsecondary institutions.
- Exempts private secondary institutions from dual enrollment payment provisions.
- Provides that dual enrollment funding shall be provided, subject to annual appropriation, to public postsecondary institutions for specific credit hours not paid by school districts.
- Prohibits a school district from denying a student access to dual enrollment during the hours of instruction that would be necessary to earn 1.0 full-time equivalent student membership.
- Codifies the current standard tuition rates for workforce education programs, Florida colleges, and state universities.
- Clarifies that college transfer students are required to pay excess credit hours.
- Extends the payment provisions applicable to Florida Prepaid contracts to purchases before July 1, 2024, and establishes a maximum payment cap the Florida Prepaid College Board must pay to a state university on behalf of qualified beneficiaries.
- Expands eligibility requirements for independent colleges and universities participating in dual enrollment instruction, and increases opportunities for students to participate in dual enrollment by encouraging school districts to enter into dual enrollment agreements with eligible independent colleges and universities.
- Establishes the Technology Supplemental Allocation in the Florida Education Finance Program and prescribes the use of the funds allocated to this categorical.

The bill has an estimated state funding fiscal impact of \$25,213,283 that will be addressed in the House proposed GAA. See Fiscal Comments section for explanation of the fiscal impact of the bill.

The bill takes effect July 1, 2014.

FULL ANALYSIS

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

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I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Florida Information Resource Network (FIRN)

Present Situation

The Florida Information Resource Network (FIRN) was created in the early 1980s to electronically link the state's public education entities to computing resources. FIRN's purpose was to provide equal access to computing resources for all public education entities, to enable the exchange of information among these entities, and to transmit administrative data to the Department of Education (DOE) in a timely manner.¹ FIRN was established within the Department of Education and over the years, its services expanded from providing a way to transmit administrative and student information to providing e-mail and connections to the Internet.

To address the challenge of the expanded use of FIRN services, FIRN was outsourced in July 2003. The State Technology Office,² on behalf of the DOE, contracted with a vendor to provide educational network services, including Internet access and data reporting services, to school districts, public postsecondary institutions and libraries. The services provided by the vendor were referred to as FIRN2 since they replaced the former FIRN network that was owned, operated, and maintained by the state. The vendor subcontracted with various telecommunications companies to provide connections to the Internet.³ The FIRN2 contract included a termination date of June 30, 2007; however, the contract also included an option of two one-year renewals which were executed.

The Department of Management Services issued a Request for Proposal No. DMS-08/09-061 for Internet Access and Telecommunications Services, which is the successor service to FIRN2. On January 1, 2009, the department executed a contract for this service. The contract included an expiration date of June 30, 2012, with a renewal option. Amendment 2 of the contract was executed in December 2011 to extend the term of the contract to June 30, 2015.

Since the passage of the federal Telecommunications Act of 1996, universal service funds have been used to fund a significant amount of FIRN's services. This federal act established the Universal Service Administrative Company (USAC), which is an independent, not-for-profit corporation designated by the Federal Communications Commission as the administrator of the universal service fund. USAC collects contributions from telecommunications carriers and administers support programs designed to help communities across the country secure access to affordable telecommunications services.⁴ One such program is the Schools and Libraries Program, commonly referred to as the E-rate program. The primary measure for determining a school's funding support for this program is the percentage of students eligible for free and reduced lunches under the National School Lunch Program.⁵

Beginning in Fiscal Year 2000-2001, FIRN services were supported by state general revenue, educational aids trust fund, and E-rate funds. In a 2006 report issued by the Office of Program Policy Analysis & Government Accountability, it stated that school districts' demand for increased bandwidth and Internet access was exceeding the level of funding provided in the GAA.⁶ As such, several school districts needed to purchase additional bandwidth and Internet access from other service providers.

¹ FIRN 2008 Proviso Report, Recommendations and Options for the Continued Operation of the Florida Information Resource Network; submitted September 15, 2008.

² On July 1, 2005, the information technology functions that were previously performed by the State Technology Office were incorporated into the Department of Management Services' Enterprise Information Technology Services.

³ FIRN 2008 Proviso Report, Recommendations and Options for the Continued Operation of the Florida Information Resource Network; submitted September 15, 2008

⁴ <http://www.usac.org/about/>

⁵ <http://www.usac.org/sl/applicants/step04/alternative-discounts.aspx>

⁶ OPPAGA Report No. 06-36, Users Satisfied with FIRN2; Options Exist for Future Services to Educational Entities.

In the Fiscal Year 2008-2009 GAA, proviso was included that directed the Commissioner of Education to submit a report that provided recommendations and options for the continued operation and funding of FIRN. The report was submitted on September 15, 2008, and the Commissioner of Education's recommendation was that the Legislature should continue to fund the services provided by FIRN to ensure that public schools receive funds for the sole purpose of purchasing FIRN's Internet services.⁷

The Fiscal Year 2009-2010 GAA included each school district's funding for FIRN into the Florida Education Finance Program (FEFP). Additionally, chapter 2009-59, Laws of Florida, created s. 1001.271, F.S., which provided that the Commissioner of Education, upon requisition from school districts, shall purchase the non E-rate portion of their Internet access services and related services. For Fiscal Year 2009-2010, each school district eligible for the E-rate funding was required to submit a requisition to the Commissioner for at least the same level of Internet access services used through the FIRN contract in Fiscal Year 2008-2009.

Effect of Proposed Changes

The bill establishes the Florida Information Resource Network (FIRN) as the educational data transport service that school districts shall use in the preparation for and implementation and administration of the statewide, standardized assessments established pursuant to s. 1008.22. The bill also clarifies that the FIRN may be used for other eligible purposes as identified by the school district; however, FIRN must be configured in such a manner that network traffic associated with the statewide, standardized assessments are given preferential and preemptive treatment over other network traffic.

The bill also requires that FIRN must comply with the standard that requires each full-time equivalent student funded in the Florida Education Finance Program to have access to one megabyte of bandwidth.

The bill also requires that the Department of Education collaborate with the Department of Management Services to ensure that FIRN is established in a manner that complies with all requirements necessary to receive federal funds that are available through the Schools and Libraries Program of the Universal Service Fund administered by the Universal Administrative Company.

Technology Supplemental Allocation

Present Situation

Beginning in Fiscal Year 1993-1994, the GAA included the Public School Technology state categorical that supported school districts' acquisition of technology-related equipment and infrastructure. The funds provided in this categorical were allocated by prorating the total of each school district's share of the state's total K-12 FTE.

⁷ FIRN 2008 Proviso Report, Recommendations and Options for the Continued Operation of the Florida Information Resource Network; submitted September 15, 2008.

History of Public School Technology Categorical	
Fiscal Year	Amount
1993-1994	\$55,000,000
1994-1995	\$55,000,000
1995-1996	\$54,850,000
1996-1997	\$65,542,728
1997-1998	\$79,000,000
1998-1999	\$0
1999-2000	\$62,400,000
2000-2001	\$62,400,000
2001-2002	\$62,400,000
2002-2003	\$62,400,000
2003-2004	\$49,914,766
2004-2005	\$49,914,766
2005-2006	\$49,914,766

For the Fiscal Year 2006-2007 GAA, the amount previously appropriated in the Public School Technology categorical was rolled up into the Florida Education Finance Program (FEFP). Currently there is no special categorical supporting school districts' acquisition of technology appropriated in the GAA. School districts use discretionary funds to support such acquisitions

Effect of Proposed Changes

The bill creates the Technology Supplemental Allocation in the Florida Education Finance Program to support school district efforts to create digital classrooms by integrating technology in classroom teaching and learning.

Subject to an annual appropriation, the bill prescribes the use of the funds allocated to this categorical as follows:

1. Costs associated with each school district's use of the Florida Information Resource Network (FIRN) established pursuant to s. 1001.271.
2. Costs associated with delivering high capacity Internet access to each school district's network aggregation location or locations.
3. Costs associated with delivering high capacity Internet access to individual schools' network aggregation location or locations.
4. Costs associated with upgrading a school district's network infrastructure necessary to deliver the high capacity Internet access to the school district's network aggregation location or locations or to the individual school.

The bill also allows a school district to use any remaining funds, after funding the identified items stated above, for the purchase electronic devices that comply with the standards published by the Department of Education.

Developmental Research (Laboratory) Schools Sparsity Supplement Eligibility

Present Situation

Section 1011.62(7), F.S., creates a sparsity supplemental allocation within the FEFP. The sparsity supplement provides additional funding to districts with 20,000 or fewer FTE⁸ and 3 or fewer high school centers. The supplement compensates districts for diseconomies of scale, or their inability to realize the efficiencies that larger districts can achieve due to their smaller student population. The sparsity supplement is allocated based on the total number of FTE in a district per high school center

⁸ Section 1011.62(7), F.S., states that a qualified district's full-time equivalent student membership shall be no less than 17,000 but no more than 24,000 FTE as prescribed annually by the Legislature in the GAA. Specific Appropriation 87, ch. 2013-40, L.O.F., prescribes 20,000 FTE as the maximum number of students a qualified district may have.

(capped at 3 high school centers) and adjusted for the wealth of the school district based on the district's total potential funds per FTE. If a district's sparsity supplement is less than \$100 per FTE, the supplement is increased to equal \$100 per FTE. Roughly half of the 67 school districts (32 in the 3rd calculation) and three developmental research (laboratory) schools receive a sparsity supplement in the 2013-14 fiscal year.⁹

Section 1002.32, F.S., creates a category of public schools known as developmental research (laboratory) schools (lab schools). Each lab school provides sequential instruction and is affiliated with the college of education within the state university of closest geographic proximity. A lab school to which a charter has been issued must be affiliated with the college of education within the state university that issued the charter, but is not subject to the requirement that the state university be of closest geographic proximity. Lab schools are eligible for the sparsity supplement if the lab school was established prior to September 1, 2002 and is established as a high school center (serves students in grades 9-12).

There were four developmental research lab schools established in law effective July 1, 1991:

- P.K. Yonge Developmental Research School located in Alachua County serves K-12 students and is affiliated with the University of Florida (UF).
- Florida Agricultural and Mechanical University (FAMU) Developmental Research School located in Leon County serves K-12 students.
- Florida State University School located in Leon County is a K-12 charter school.
- Alexander D. Henderson University School located in Palm Beach County is an elementary-middle school serving K-8 students on the campus of Florida Atlantic University in Boca Raton.

In addition, there are also three charter lab schools:

- Florida Atlantic University High School (FAU HS) located in Palm Beach County is a dual enrollment high school on the campus of Florida Atlantic University in Boca Raton which began serving grade 9-12 students in the 2004-2005 school year.
- The Pembroke Pines-Florida State University Charter Elementary School located in Broward County began serving students in grades K-5 in the 2003-2004 school year and is affiliated with Florida State University.
- Palm Pointe Educational Research School located in St. Lucie County began serving grade K-8 students in the 2008-2009 school year and is affiliated with Florida Atlantic University.

These schools are funded through the Florida Education Finance Program (FEFP) which includes a proportional share of the sparsity supplement for each eligible lab school in operation as of September 1, 2002 that also serves students in grades 9-12. Currently, only P.K. Yonge (UF), FAMU and FSU Leon are eligible to receive sparsity funds.

Effect of Proposed Changes

The bill modifies the eligibility for lab schools to receive sparsity funds by extending the operation date from 2002 to 2013 and clarifying that the lab school must be a permanent high school center to be eligible. The change would allow Florida Atlantic University High School to be eligible for the sparsity supplement and receive approximately \$580,000 in sparsity funds.

Maximum Class Size

Present Situation

In 2002, voters approved the Class Size Reduction Amendment to Section 1, Article IX of the Florida Constitution. The amendment required the Legislature by the beginning of the 2010 school year to make adequate provision to ensure that there are a sufficient number of classrooms in Florida so that the maximum number of students assigned to each teacher does not exceed:

⁹ Florida Education Finance Program 2013-14 3rd calculation, Florida Department of Education, Office of Funding and Financial Reporting, <http://www.fldoe.org/fefp/pdf/1314-Third.pdf>

- 18 students for prekindergarten through 3rd grade;
- 22 students for 4th through 8th grades; and
- 25 students for 9th through 12th grades.

Extracurricular courses are expressly excluded from the class size mandate; thus, its requirements apply only to core curricula courses, which are defined in s. 1003.01(14), F.S.

Additionally, the amendment requires that the Legislature provide sufficient funds, beginning in Fiscal Year (FY) 2003-2004, for school districts to reduce the average number of students in each classroom by at least two annually until the constitutionally prescribed maximum number of students is achieved. Under the initial implementing statute, compliance with the class size requirements was to be measured at the:

- District level for each of the three grade groupings during FYs 2003-2006.
- School level for each of the three grade groupings in FYs 2006-2008.
- Individual classroom level for each of the three grade groupings in FY 2008-2009 and thereafter.

The timeframe for measuring class size at the school level was extended twice by the Legislature. In 2008, the Legislature extended school level measurement through FY 2008-2009.¹⁰ The next year, the Legislature extended this timeframe by one more year, thereby delaying measurement of class size at the individual classroom level until FY 2010-2011 and thereafter.¹¹ Legislation enacted in 2010 established the compliance calculation for charter schools at the school level average.¹² Legislation enacted in 2013 granted the same treatment to district-operated schools of choice.¹³

In 2013, the Legislature also added a provision to exempt “blended learning courses” from the core courses required to be in compliance with class size.¹⁴ Currently no definition exists for what comprises a “blended learning course”.

To implement the class size amendment, the Legislature annually appropriates class size reduction categorical funding for school district operating costs. Additionally, the Legislature has appropriated funds for capital outlay (facility) needs and granted bonding authority to fund classroom construction and other capital needs related to class size reduction. Since 2003, the Legislature has appropriated more than \$25 billion for operational expenses and \$2.5 billion in facilities funding to implement the Class Size Reduction Amendment.

History of Funding for Class Size Reduction			
Fiscal Year	Operating Funds	Facilities Funds	Total Funds
2003-2004	\$ 468,198,634	\$ 600,000,000	\$ 1,068,198,634
2004-2005	\$ 972,191,216	\$ 100,000,000	\$ 1,072,191,216
2005-2006	\$ 1,507,199,696	\$ 83,400,000	\$ 1,590,599,696
2006-2007	\$ 2,108,529,344	\$1,100,000,000	\$ 3,208,529,344
2007-2008	\$ 2,640,719,730	\$ 650,000,000	\$ 3,290,719,730

¹⁰ Section 5, ch. 2008-142, L.O.F.

¹¹ Section 13, ch. 2009-59, L.O.F.

¹² s. 1002.33(16)(b)3., F.S., as created in section 6, ch. 2010-154, L.O.F.

¹³ s. 1002.31(9), F.S., as created in section 9, ch. 2013-250, L.O.F.

¹⁴ s. 1003.01(14), F.S., as modified in section 3, ch. 2013-225, L.O.F.

2008-2009	\$ 2,729,491,033	\$ -	\$ 2,729,491,033
2009-2010	\$ 2,845,578,849	\$ -	\$ 2,845,578,849
2010-2011	\$ 2,913,825,383	\$ -	\$ 2,913,825,383
2011-2012	\$ 2,927,464,879	\$ -	\$ 2,927,464,879
2012-2013	\$ 2,974,748,257	\$ -	\$ 2,974,748,257
2013-2014	\$ 2,974,766,164	\$ -	\$ 2,974,766,164
Total to Date	\$25,062,713,185	\$2,533,400,000	\$27,596,113,185

Section 1003.03(4), F.S., requires the Department of Education (DOE) to reduce class size categorical funding for school districts and charter schools that are out of compliance with class size requirements. The penalty is calculated at the classroom level for traditional public schools and at the school level for charter schools and district-operated schools of choice. The penalties for traditional public schools and district-operated schools of choice are combined to make a total adjustment for each district. DOE must calculate the penalty for traditional public schools out of compliance as follows:

- Step 1:** Identify, for each grade grouping, the number of classrooms that exceed the maximum and the total number of students which exceeds the maximum for all classes.
- Step 2:** Determine the number of full-time equivalent (FTE) students which exceeds the maximum for each grade grouping.
- Step 3:** Multiply the total number of FTE students over the maximum for each grade grouping by the district's FTE dollar amount of the class size reduction operating categorical allocation for that year and calculate the total for all three grade groupings.
- Step 4:** Multiply the total number of FTE students over the maximum for all classes by an amount equal to 50 percent of the base student allocation adjusted by the district cost differential for the 2013-14 FY.

A school district's class size reduction operating categorical allocation is then reduced by an amount equal to the sum of the calculations in Steps 3 and 4. Beginning in FY 2014-2015 and thereafter, the total number of FTE students over the maximum for all classes must be multiplied by 100 percent, rather than 50 percent, of the base student allocation adjusted by the district cost differential, thereby increasing the amount of the penalty (see Step 4).

The reduced amount is the lesser of DOE's calculation or the undistributed balance of the school district's class size reduction operating categorical allocation. If a district made appropriate efforts to reduce class sizes but still failed to achieve compliance or an emergency caused noncompliance, the commissioner is authorized to recommend an alternative transfer amount for approval by the Legislative Budget Commission.¹⁵ Once the reduced amount is determined, after district appeals, the commissioner must prepare a reallocation of the funds made available as a bonus to districts that have fully met the class size requirements by calculating an amount that is up to five percent of the base student allocation multiplied by the total district FTE students. The reallocation total may not exceed 25 percent of the total funds reduced.

History of Class Size Transfer (& Reallocation) Calculation for Traditional Public Schools				
		Pre-Appeals	Post-Appeals	After Plan
District	2003-04	\$21,488,179	\$1,479,948	
District	2004-05	\$11,354,475	\$1,076,719	
District	2005-06	\$5,222,735	\$496,059	
School	2006-07	\$7,836,834	\$3,273,943	
School	2007-08	\$5,330,411	\$333,302	
School	2008-09	\$1,396,108	\$0	

¹⁵ s. 1003.03(4)(c), F.S.
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School	2009-10	\$1,912,030	\$267,263	
Classroom	2010-11	\$40,795,637	\$31,305,124	\$7,826,281
Classroom	2011-12	\$58,749,605	\$43,407,465	\$10,851,866
Classroom	2012-13	\$26,965,789	\$22,698,784	\$5,674,696
Classroom	2013-14	\$12,674,357	\$9,558,513	\$2,389,628
History of Class Size Transfer (& Reallocation) Calculation for Charter Schools				
		Pre-Appeals	Post-Appeals	After Plan
N/A	2003-04	\$0	\$0	
N/A	2004-05	\$0	\$0	
N/A	2005-06	\$0	\$0	
School	2006-07	\$6,831,504	\$2,724,878	
School	2007-08	\$802,515	\$194,836	
N/A	2008-09	\$0	\$0	
N/A	2009-10	\$0	\$0	
School	2010-11	\$2,292,191	\$355,539	\$88,885
School	2011-12	\$3,921,323	\$652,851	\$163,213
School	2012-13	\$1,570,397	\$431,345	\$107,836
School	2013-14	\$835,448	\$204,863	\$51,216
History of Class Size Transfer (& Reallocation) Calculation for Choice Schools				
		Pre-Appeals	Post-Appeals	After Plan
School	2013-14	\$1,129,183	\$475,592	\$118,898

Districts that fail to comply with the class size requirements must submit a plan certified by the district school board by February 1 which describes the actions the district will take in order to be in compliance by October of the following year. For districts that submit the plan by the required deadline, the funds remaining after the reallocation calculation must be added back to the district's class size reduction operating categorical allocation based on each qualifying district's proportion of the total reduction for all qualifying districts for which a reduction was calculated. The amount added back may not be greater than the amount that was reduced.¹⁶

Effect of Proposed Changes

The bill amends s. 1003.03(04), F.S., to revise the method for calculating the penalty schools that fail to comply with the class size requirements by calculating steps 2, 3, and 4 at the school average instead of at the classroom level. The increase in the penalty scheduled to begin in FY 2014-15 and thereafter is repealed. The bill repeals exemptions to the class size requirement for charters and schools of choice because compliance for all school types will be calculated at the school average. School districts must continue to assign students to teachers in a manner that meets the classroom level maximums. Districts that exceed the classroom level maximums will still be required to implement a compliance plan. However, calculation of the penalty at the school average and maintaining the lower penalty amount of 50 percent of the BSA will reduce the monetary penalties levied against school districts.

John F. McKay Scholarships for Students with Disabilities Program

Present Situation

The John F. McKay Scholarships for Students with Disabilities Program is created in s. 1002.39, F.S., to provide the option for students with disabilities to attend a public school other than the one to which the student is assigned, or to provide a scholarship to a private school of choice. The McKay Scholarship Program allows parents of students with disabilities to choose the best academic environment for their children. This program provides eligible students the opportunity to attend a

¹⁶ s. 1003.03(4)(e), F.S.
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participating private school or transfer to another public school. Eligible students include students who have been issued an Individualized Education Plan (IEP) or a 504 Accommodation Plan that is effective for more than 6 months. Students must also have been enrolled and reported for funding by a Florida school district the year prior to applying for a scholarship. Students with parents in the Armed Forces who transfer to Florida due to a permanent change in orders may also be eligible.

During the 2012-13 school year, the most recent complete year of funding, \$168.9 million was paid to scholarship program participants. The state calculated maximum scholarship amount for IEP students enrolled ranged from \$4,395 to \$19,105, with an average amount of \$7,019. The average amount for students with a 504 Plan was \$3,977. In 2012-13, 26,611 students from 1,163 private schools participated in the program. The amount of each student's scholarship is equal to the amount the student would have received in the public school to which the student is assigned or the amount of the private school's tuition and fees, whichever is less.

Students participating in the McKay scholarship program are reported for funding by the school district in which the student was previously reported for FEFP funding. The department then transfers the amount of the scholarship from the district's FEFP funding to be provided to the school of the parent's choice. McKay Scholarship students are allowed to take up to two virtual courses from the Florida Virtual School (FLVS) per school year as provided in section 1002.39(3)(f), F.S. If a student takes advantage of the option to take virtual courses the student would be reported for funding by both the school district and the FLVS.

Beginning in the 2013-2014 fiscal year, the Department of Education (DOE) has the ability to match student identification numbers to verify where the education instructional of the student is being provided. DOE is able to match student records and identify students receiving excess hours of instruction above the 1.0 FTE as defined in section 1011.61(4), F.S. In 2013, in an effort to expand options for students, yet contain the costs of additional FTE students in the FEFP, the method for reporting FTE was amended to allow all courses reported for a student to be equally shared among providers of instruction but limit each student to 1.0 FTE, thus allowing all courses to earn funding in the FEFP. Due to the change in policy and the ability of DOE to match student records and calculate a prorated amount of funding based on the 1.0 FTE cap, McKay scholarship payment awards have been adjusted for the 2013-14 school year if a McKay scholarship student participates in virtual courses. The proration of the scholarship amount has resulted in parents paying increased tuition to participating private schools.

Effect of Proposed Changes

The bill amends ss. 1002.39 and 1011.62, F.S., to clarify that McKay Scholarship payments are not subject to the 1.0 FTE cap, resulting in scholarship payments not being reduced due to McKay recipients taking virtual courses. There is no change to the statutory language limiting the number of virtual courses a McKay recipient may take of no more than two virtual courses per school year.

New College of Florida – Master in Data Science and Analytics

Present Situation

New College of Florida is statutorily established as the residential liberal arts honors college of the State of Florida with the mission of providing quality 4-year undergraduate education. The student body is comprised of approximately 830 primarily Floridian students enrolled full time and seeking undergraduate degrees. Degree programs with the highest enrollment are psychology, biology, and anthropology.

Effect of Proposed Changes

The bill amends s. 1004.32, F.S., to expand the mission of New College to allow for the establishment of a 2-year master's degree program in data science and analytics. Prior to implementation, this program must be proposed and approved by the Board of Governors and funded in the GAA.

State Instructional Materials Reviewers

Present Situation

Section 1006.29, F.S., establishes a statewide process for the adoption of instructional materials. The Commissioner of Education must annually determine the academic areas in which instructional materials must be submitted for adoption. Instructional materials for each educational subject area are adopted in five-year intervals. The commissioner appoints three state instructional materials reviewers for each content area up for adoption.

School districts implementing an instructional materials program may collect fees from publishers who submit instructional materials for review. Such fees may not exceed the actual cost to review a publisher submission up to a maximum of \$3,500.

Effect of Proposed Changes

The bill amends s. 1006.29, F.S., to provide the Department of Education the authority to assess and collect fees up to \$1,000 from publishers participating in the instructional materials review and approval process. The fees collected for this process may only be used to provide a stipend to instructional materials reviewers.

Dual Enrollment

Current Situation

Dual Enrollment (DE) is a successful acceleration mechanism that allows students to simultaneously earn credit toward high school completion, and a career certificate, or an associate or baccalaureate degree. Section 1007.271, F.S., authorizes the program and provides that dually enrolled students are exempt from paying registration, tuition, and laboratory fees for DE courses taken at postsecondary institutions such as school district technical centers, Florida College System (FCS) institutions, or State University System (SUS) institutions.¹⁷

Florida public high school students are provided DE instructional materials such as books, free of charge. Private school and home education students are responsible for the costs of their instructional materials and transportation; however, Florida College System institutions are not prohibited from

¹⁷ Section 1007.721(16), F.S.
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providing instructional materials at no cost to these students.¹⁸ Additional funds are provided within the Florida Education Finance Program (FEFP) for DE instructional materials.¹⁹

All 67 school districts participate in DE which may be coordinated between the district and a public or private college or university or a school district technical center. Florida Statute currently provides that district school boards and FCS institutions may enter into DE enrollment articulation agreements with independent colleges and universities.²⁰ In Academic Year 2012-2013, approximately 65,463 students participated in DE. Of these 52,306 (80%) were at state colleges; 7,683 (12%) were at state universities, and 5,474 (8%) were at school district technical centers. DE instruction may take place on the postsecondary institution campus or a high school campus. OPPAGA reported that 76% of the DE coursework is provided on college campuses, while 26% is provided at high schools.²¹

Funding for Dual Enrollment

Public School Districts

Funding is provided to school districts through the Florida Education Finance Program (FEFP), the formula used to determine appropriations for public school funding. The Legislature annually appropriates funds in the FEFP based on enrollment estimates adopted by the statutorily required Education Estimating Conference for Public Schools.²² The FEFP is calculated five times throughout the year to arrive at each year's final allocation for each school district. Each calculation uses the latest information available regarding the number of students reported by districts. The FEFP uses a measurement for each student called a full-time-equivalent (FTE). One FTE equals one school year of instruction, at least 720 hours of instruction in grades K-3, or 900 hours of instruction for students in grades 4-12, which is equivalent to six courses.²³ However, if a student takes more than the minimum six course requirement, a school district receives the same amount of funding for that student. The courses above six are subject to the 1.0 FTE cap in s. 1011.612(4), F.S.

Students in DE programs are included in FTE calculations for basic programs for grades 9 through 12 in determining funding FEFP.²⁴ Instructional time for DE may vary from 900 hours; however the school district may only report the student for the maximum of 1.0 FTE.

Public Postsecondary Institutions

Students in DE courses are also reported for funding as FTE enrollments for a district technical center, Florida College System (FCS) institution or university conducting the DE instruction.²⁵ The Education Estimating Conference is required to develop official information relating to the state and private educational systems, including forecasts of student enrollment. The FCS provides estimated FTE counts to the Legislature through the Education Estimating Conference on FCS Enrollment.²⁶ The estimated FTE provided by colleges includes the number of dually enrolled FTE.

The FCS reported a 61% increase in enrollment in DE courses between academic years 2007-2008 and 2011-2012. In the 2007-2008 fiscal year, tuition and fees made up 32.9% of total college funds. Currently, tuition and fees are 45.3% of colleges' total appropriated operational funds. Public postsecondary institutions do not receive student tuition and fees from students in the dual enrollment program. As dual enrollment instruction has increased the Florida College System estimated the loss

¹⁸ Section 1011.62(1)(i), F.S.

¹⁹ Specific Appropriation 84 proviso, Chapter 2012-118, Laws of Florida, FY 2012-2013 GAA

²⁰ Section 1007.33(23), F.S.

²¹ OPPAGA research memorandum, Dual Enrollment: Instructional and Funding Arrangements, December 2011 (updated via OPPAGA 2013 survey of Florida colleges, universities and school districts. Research from this document primarily focused on agreements between school districts and Florida College System institutions.

²² Section 216.136, F.S.

²³ Section 1011.61(1)(a)(1), F.S.

²⁴ Section 1011.62(1)(i), F.S.

²⁵ Section 1011.62(i), F.S.

²⁶ Section 216.136, F.S.

in tuition and fees in 2011-2012 to be \$58.2 million. OPPAGA's research project estimated the loss on only those courses taught on college campuses to be \$43.1 million.²⁷

In 2013-2014, the Legislature made statutory changes that required public schools to pay tuition costs from district Florida Education Finance Programs (FEFP) appropriations to compensate colleges and universities for DE FTE.²⁸ Schools are required to pay the standard tuition rate of tuition per credit hour for DE coursework taken by school district students if the instruction takes place on the college or university campus. If the student is provided the instruction on the high school campus by a college or university faculty member, the school districts are required to reimburse the college or university institution for costs associated with the proportion of salary and benefits and other actual costs incurred by the college or university to provide the instruction. Finally, when the instruction is provided at the high school by school district faculty, the school district must fund the college or university's costs associated with offering the program.

Dual Enrollment Coursework Beyond the 1.0 FTE Policy

Some students enroll in DE courses beyond the hours of instruction a school district generates FEFP funding. FEFP funding is not generated by the school district for coursework taken the after the sixth period, or for summer term enrollments. Current law requires school districts to pay from FEFP allocations, the standard rate of tuition for any DE courses taken at a public postsecondary institution.

According to DOE, 2012-2013 Survey 2 & 3 student membership reports indicate approximately 25,487 students were enrolled in 91,892 courses (275,676 credit hours) outside the student's hours of instruction necessary to generate 1.0 FTE as funded in the FEFP (6 courses). At the FCS standard tuition rate of \$71.98, the estimated cost is \$19,843,158. FCS Summer Term 2013-2014 college records indicate 13,223 public school students took 66,548 credit hours. At the FCS standard tuition rate of \$71.98, the estimated cost is \$4,790,125. Therefore, \$24,633,283 represents the amount of tuition school districts are required to pay from FEFP funds for which they do not receive state funds.

General Education Requirements

While most coursework taken by dually enrolled students are college general education requirement courses, approximately six percent of dual enrollment coursework taken is not. The five most frequently taken dual enrollment courses taken in Academic Year 2012-2013 were Freshman Composition I (ENC 1101), Freshman Composition II (ENC 1102), College Algebra (MAC 1105), Introduction to Psychology (PSY 1212), and American Government (POS 2041).²⁹ Enrolling in general education courses provides a stable foundation toward completion of degrees without accumulating excess credit hours upon degree completion. Currently there is no required prioritization order for dually enrolled students to enroll in general education coursework before elective coursework.

Independent Colleges and Universities Participating in Dual Enrollment

Current statute limits independent colleges or universities participating in dual enrollment programs to those institutions which are not for profit, and are accredited by the Commission on Colleges of the Southern Association of Colleges and Schools or the Accrediting Council for Independent Colleges and schools.

²⁷ OPPAGA research memorandum, Dual Enrollment: Instructional and Funding Arrangements, December 2011.

²⁸ Chapter 2013-45, Laws of Florida

²⁹ <http://www.fldoe.org/fcs/transparencyaccountability.asp> Dual Enrollment & Accelerated Learning Options "What courses do dual enrollment students take?"

Effect of Changes

Section 1007.271(2), F.S., is amended to proscribe that students enrolling in college credit DE programs beginning with the academic year 2014-2015 may not enroll in more than 24 college credit hours before completing the college credit general education core coursework as specified in s. 1007.25(3), F.S.

Section 1009.271(16), F.S., is amended to clarify that any student, regardless of public or private school or home education program enrollment, who meets the eligibility requirements and chooses to participate in dual enrollment programs is exempt from the payment of registration, tuition, and laboratory fees.

A new subsection is added as supplementary encouragement for school districts to increase access to student in DE programs by entering into dual enrollment agreements with eligible independent colleges and universities. Section 1011.62(1)(i), F.S., is also amended to include the supplementary encouragement.

Section 1009.27(21), F.S., is amended to clarify that articulation agreements are between school district school superintendent and public postsecondary institution rather than just Florida College System institutions. Articulation agreement requirements for private postsecondary institutions are added, and articulation agreements for public and private postsecondary institutions must document transferability of course credit between Florida's postsecondary institutions.

Section 1009.27(21)(n), F.S., is amended to revise and clarify payment provisions related to DE. These provisions include that:

- School districts are required to pay public postsecondary institutions the standard tuition rate per credit hour when DE course instruction takes place on the public postsecondary institution's campus when the course is taken as part of the student's hours of instruction necessary to generate 1.0 FTE pursuant to s. 1011.61(1)(c), F.S. Therefore, school districts are not required to pay for DE coursework for hours above the cap.
- School districts must reimburse the costs associated with the public postsecondary institution's proportion of salary and benefits when DE is provided on the high school site by public postsecondary institution faculty. Requirements for school districts to pay any other actual costs associated with the postsecondary institutions offering the program are removed.
- A developmental research school is exempt from articulation agreement requirements when the agreement provision for DE coursework is between the developmental research school and its affiliated state university.
- Private secondary institutions are exempt from payment of the standard rate of tuition for private secondary school students enrolled in DE courses at public postsecondary institutions.
- Subject to annual appropriation, funding shall be provided to public postsecondary institutions for specific DE credit hours not paid for by school districts.

Section 1011.62, F.S., is amended with regard to eligibility requirements for independent colleges and universities participating in DE programs.

- Not-for-profit institutions, and institutions located in Florida but may not hold a Florida charter will be eligible to participate in DE program.
- Independent colleges and universities accredited by agencies recognized by the United States Department of Education rather than only the Commission on Colleges of the Southern Association of Colleges and Schools or the Accrediting Council for Independent Colleges and Schools will be able to participate in the DE program.

- Provisions that currently restrict students who select the option of enrolling in an eligible independent institution from being exempt from tuition, fees, and instructional materials are removed.

Higher Education Base Tuition Rates

Present Situation

The standard rates of tuition for the State University System, Florida College System, and Workforce Education programs established by the Legislature for Fiscal Year 2013-2014 are as follows:

Postsecondary Tuition Rates - Fiscal Year 2013-2014

Institution	Rate Per	Resident/ Non-Resident Tuition	Out-of State Fee (Is Paid in Addition to Tuition)
School District Career Centers			
Workforce Programs (non-college credit) Applied Technology Diploma Career Certificate	Contact Hour	\$2.33	\$6.99
Florida College System			
Workforce Programs (non-college credit) Applied Technology Diploma Career Certificate	Contact Hour	\$2.33	\$6.99
Undergraduate Advanced and Professional Postsecondary Vocational Developmental Education Educator Preparation Institute Programs	Credit Hour	\$71.98	\$215.94
Baccalaureate	Credit Hour	\$91.79	Determined by Institution
State University System			
Undergraduate	Credit Hour	\$105.07	Determined by Institution
Graduate Programs	Determined by Institution		

The sections of statute which establish the base tuition rates have not been updated since 2011 and no longer establish the most current tuition rates as shown in the chart above. The standard rate of tuition was established in the GAA for the 2012-13 academic year and was used as the default base rate for the 2013-14 academic year prior to the implementation of the CPI increase due to the Governor's veto of the rate established in the GAA.

Effect of Proposed Changes

The bill codifies the current year tuition rates for the State University System, Florida College System, and Workforce Education programs.

State University System Excess Credit Hour Surcharge

Current Situation

Section 1009.286, F.S., requires a surcharge of 100 percent of tuition be assessed for each credit hour in excess of 110 percent of the number of credit hours required for completion of the students' registered degree program.

Effect of Changes

The bill clarifies students who are transferring from a college into a university are also required to pay 100 percent of tuition for excess credit hours above 110 percent of the credit hours required for their degree. Students enrolling in these additional courses will be assessed an increased fee in an effort to

encourage them to complete the necessary degree requirements in a timely manner.

Florida Prepaid - Prepaid Payment Plans

Present Situation

Section 1009.98, F.S. establishes the Stanley G. Tate Florida Prepaid College Program (Prepaid Plan) to assist families in planning and saving for a college education. The Prepaid Plan contracts lock in many of the costs associated with postsecondary attendance at the time the contracts are purchased.

The Florida Prepaid College Board (board) is authorized to offer advance payment contracts (APC) for a Florida College System tuition plan, a university tuition plan, a Florida College System plus university tuition plan, a university dormitory plan, a local fee plan, and a tuition differential fee plan.

Each year, the Prepaid College Board conducts an analysis of the actuarial adequacy of the Prepaid Trust Fund.³⁰ In order to conduct this analysis, a series of assumptions are made regarding investment yield, tuition increases, tuition differential fee increases, local fee increases, and dormitory fee increases.³¹ The result of the analysis is a determination of the actuarial reserve, which means the amount by which the expected value of the assets in the Prepaid Trust Fund exceeds the value of the expected liabilities. Below is a chart showing a four-year history of the actuarial reserve.

Actuarial Information

	2010	2011	2012	2013
Actuarial Reserve	\$482,626,581	\$589,408,656	\$569,458,560	\$834,449,416
As % of Expected Liabilities	5.1%	6.0%	4.9%	7.6%

To provide greater predictability to both the Prepaid College Board and the state universities, Chapter 2009-60, Laws of Florida, included provisions that established a payment methodology to state universities on behalf of beneficiaries of advance payment contracts that were purchased prior to July 1, 2009. The payment methodology specifies the level of tuition increases and tuition differential increases that the Prepaid College Board will pay each year, based on the actuarial reserve for that year.

Actuarial Reserve, % of Expected Liabilities	<5%	5% - 6%	6% - 7%	≥7.5%
Board Payment to Universities Above Fee Assessed Previous Year	5.5%	6.0%	6.5%	7.0%

In addition, for APC’s purchased prior to 2009, the amount paid to universities for local fees was set at five percent above the amount assessed for local fees in the preceding fiscal year, and six percent above the amount assessed for dormitory fees in the preceding fiscal year.

Current law provides that the board shall pay state universities the actual amount assessed for registration fees, the tuition differential, local fees, and dormitory fees for advance payment contracts purchased on or after July 1, 2009.

³⁰ Section 1009.971(4)(f), F.S.

³¹ Florida Prepaid College Board, *Analysis of Actuarial Adequacy as of June 30, 2008*.

Effect of Proposed Changes

The bill amends s. 1009.98(10), F.S., to extend payment provisions relating to the amount the Prepaid board must pay to any state university on behalf of a qualified beneficiaries of advance payment contracts. The prior date of July 1, 2009 is extended to July 1, 2024. The bill establishes the maximum payment cap based on the aggregate actual tuition and fees charged by Florida's state universities. The Board will pay each university the lesser of either the statutorily required assessment for that fiscal year, or the actual of the aggregated amount charged for registration fees, tuition differential, local and dormitory fees.

According to the Prepaid College Board, these changes will reduce the current purchase price for prepaid plans. The newborn price of the four-year university plan would be reduced by at least \$10,000 for future participants. In addition, over 26,000 Florida families who purchased plans at higher prices in recent years would receive refunds totaling over \$50 million. Future monthly payments would also be reduced for those purchasers paying monthly instalments.

Because this legislation caps future payments to state universities at the lesser of actual tuition and fees, or the statutory percentages based on the board's actuarial reserve, in years that tuition and fees exceed the payment provisions, universities would not be able to collect the full rate of tuition and fees.

B. SECTION DIRECTORY:

Section 1: Amends s. 1001.271, F.S., establishing the Florida Information Resource Network.

Section 2: Amends s. 1001.64, F.S., revising a cross reference.

Section 3: Amends s. 1001.65, F.S., revising a cross reference.

Section 4: Amends s. 1002.31, F.S., repealing requirements relating to the class size exemption for public schools of choice.

Section 5: Amends s. 1002.32, F.S., revising the date that a lab school must be in operation to be eligible to receive a proportional share of the sparsity supplement.

Section 6: Amends s. 1002.33, F.S., relating to the class size exemption for charter schools.

Section 7: Amends s. 1002.39, F.S., clarifying that McKay Scholarship payments shall not be reduced due to the 1.0 FTE cap.

Section 8: Amends s. 1002.451, F.S., relating to the class size exemption for the district innovation schools of technology program.

Section 9: Amends s. 1003.01, F.S., relating to the definition of core courses for the purpose of class size compliance.

Section 10: Amends s. 1003.03, F.S., revising the compliance calculation for traditional public schools that fail to comply with the class size requirements by performing the compliance calculation at the school average instead of at the classroom level.

Section 11: Amends s. 1003.436, F.S., revising a cross reference.

Section 12: Amends s. 1004.32, F.S., removing the undergraduate limitation and establishing a 2-year Master's Degree program at New College of Florida, subject to appropriation.

Section 13: Amends s. 1006.29, F.S., providing the Department of Education the authority to assess and collect fees from publishers participating in the instructional materials review and approval process and provide a stipend to be paid to instructional materials reviewers.

Section 14: Amends s. 1007.271, F.S., relating to dual enrollment access; coursework requirements; transferability of credits; payment provisions between school districts and postsecondary institutions; exempting private secondary institutions from payment provisions; exempting developmental research schools from articulation agreements, clarifying that public, private and home education program students are exempt from the payment of tuition and fees for dual enrollment courses; and establishing funding provisions to reimburse public postsecondary institutions for specific dual enrollment credit hours that school districts are not required to pay.

Section 15: Amends s. 1008.25, F.S., revising a cross reference.

Section 16: Amends s. 1009.22, F.S., updating the current standard tuition rates for workforce education programs.

Section 17: Amends s. 1009.23, F.S., updating the current standard tuition rates for Florida colleges.

Section 18: Amends s. 1009.24, F.S., updating the current standard tuition rates for state universities.

Section 19: Amends s. 1009.286, F.S., clarifying that college transfer students are required to pay excess credit hours.

Section 20: Amends s. 1009.98, F.S., extending the payment provisions applicable to Florida Prepaid contracts to purchases before July 1, 2024, and establishing a maximum payment cap the Florida Prepaid College Board must pay to a state university on behalf of qualified beneficiaries.

Section 21: Amends s. 1011.61, F.S., clarifying that McKay Scholarship payments shall not be reduced due to the 1.0 FTE cap.

Section 22: Amends s. 1011.62, F.S., revising eligibility for independent colleges and universities participating in instruction of dual enrollment coursework; increasing opportunities for dual enrollment by encouraging school districts to enter into dual enrollment agreements with independent colleges and universities; exempting dually enrolled and early admission students from the payment of instructional materials and tuition and fees applicable at eligible independent institutions, and creating the Technology Supplemental Allocation in the FEFP.

Section 23: Amends s. 1011.80, F.S., revising a cross reference.

Section 24: Provides an effective date of July 1, 2014.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

School districts will not have to pay for dual enrollment hours of instruction which are currently not provided from Florida Education Finance Program funding.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Opportunities for independent colleges and universities to participate in dual enrollment articulation agreements with school districts will be increased. Independent colleges and universities may receive tuition payments from a school district at the standard rate of tuition per credit hour as currently provided to a Florida College System institution.

Changes made to the methodology for which the Prepaid College Board pays state universities on behalf of beneficiaries of Prepaid tuition contracts lowers future contract prices, and provides savings to parents who recently purchased contracts. The board estimates prices for future Prepaid tuition contracts will be reduced from \$53,729 to less than \$43,000. Current contract holders will see a reduction in monthly payments, and more than 26,000 Florida families who purchased plans at higher prices in recent years will receive refunds of approximately \$50 million.

D. FISCAL COMMENTS:

The bill modifies the eligibility for lab schools to receive sparsity funds by changing the operation date from 2002 to 2013 and limiting the funds to existing high school centers. The change would allow Florida Atlantic University High School to receive approximately \$580,000 in sparsity funds. If the sparsity allocation remains unchanged in the FEFP, the funds generated by Florida Atlantic High School would result in a proportionate reduction to the funds generated by any other sparsity eligible district. The additional funding necessary for FAU high school to receive a sparsity supplement is accounted for in the House proposed GAA.

The bill clarifies that McKay Scholarship payments are not subject to the 1.0 FTE limitation therefore scholarship payments are not reduced due to McKay recipients taking virtual courses. McKay recipients are limited in the number of virtual courses they may take to no more than two. It is unknown the exact number of McKay recipients taking virtual courses, but it is estimated that the cost of the two courses would not be more than \$1,000.

The bill repeals the undergraduate limitation on New College of Florida and establishes a Master's Degree in Data Science and Analytics. The estimated increased cost of operations for New College to implement and operate the new degree program is \$885,000. These funds are subject to annual appropriation in the GAA and are accounted for in the proposed House GAA.

The bill provides the Department of Education the authority to assess and collect fees up to \$1,000 from publishers participating in the instructional materials approval process. This change has no fiscal impact to the state.

The bill revises the compliance calculation for traditional public schools that fail to comply with the class size requirements by performing the compliance calculation at the school average instead of at the classroom level, so the amount deducted from a school district's class size reduction operating categorical will be reduced.

The bill provides that public postsecondary institutions shall be funded for those dual enrollment credit hours taken by students in excess of the hours of instruction provided for in the Florida Education Finance Program (FEFP). The calculated cost for these hours in excess of the hours of instruction necessary to generate 1.0 full-time equivalent student as paid for within the FEFP equates to \$24,633,283. This funding is subject to annual appropriation in the GAA and is accounted for in the proposed House GAA.

State universities could be impacted by changes made to payment provisions for the Prepaid College Program related to payments on behalf of qualified beneficiaries who purchased advance payment contracts. By capping future payments to state universities at the lesser of actual tuition and fees, or the statutory percentages based on the board's actuarial reserve, in years that university tuition and fees exceed the payment provisions set forth universities would not be able to collect the full rate of tuition and fees.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

2. Other:

B. RULE-MAKING AUTHORITY:

C. DRAFTING ISSUES OR OTHER COMMENTS:

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES